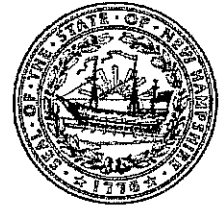




The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES

Thomas S. Burack, Commissioner



Rep. D.L. Chris Christensen, Chairman

Oil Fund Disbursement Board

March 9, 2009

The Honorable Susan W. Almy, Chairman
House Ways and Means Committee
Room 202
Legislative Office Building
Concord, New Hampshire 03301

SUBJECT: HB 296-FN-A, Relative to Fees for Fuel Oil Discharge Prevention & Cleanup

Dear Chairman Almy:

Thank you for the opportunity to testify in support of House Bill 296-FN-A, which would increase the fuel oil import fee that provides income for the Fuel Oil Discharge Cleanup Fund (FODCF) established as a dedicated environmental cleanup fund under RSA 146-E in 1993. The bill does not propose any new fees. Rather, it would increase the current import fee set by the Legislature in 1999, from \$0.01 to \$0.0125 per gallon. This increase will generate an estimated \$683,000 in additional annual income, which will be passed-through to eligible parties that need the funds for contamination cleanup and fuel oil release prevention work. The additional income will allow the Oil Fund Disbursement Board (Board) to maintain the current level of services.

RSA 146-E provides authorization and funding for important and very successful programs administered by the Board for the statewide cleanup of fuel oil contamination and prevention of fuel oil releases, to the direct benefit of New Hampshire citizens. Such contamination is a significant risk to public health and the environment, and most cleanup costs are not covered under standard insurance policies. Owners of fuel oil storage facilities, including individuals, businesses, state agencies, local governments and most notably single-family homeowners, have depended on the FODCF since 1993 to fund cleanup work. Low income single-family homeowners have depended on the FODCF since 1999 to fund replacement of substandard heating oil storage tanks to prevent releases, and thus avoid much more costly cleanup.

Because annual revenue at the current \$0.01 per gallon import fee has remained level in recent years, the low income, single-family homeowner fuel oil release prevention program (known as "SAFETANK") is not in full operation, and FODCF income is currently directed primarily toward contamination cleanup. As of January 31, 2009, there are 161 contamination cleanup payment requests "in-house" totaling \$1,200,000 awaiting approval on a first-in, first-out basis. FODCF has remained level because fuel oil imports have not increased, and there has been no adjustment to the import fee (since 1999), despite general inflation and program-specific cost increases.

At this time, the FODCF balance is at a critical point such that payment delays are significant for completed cleanup work. In addition, the Department of Environmental Services (Department) has issued a general notice to all service providers that only emergency cleanup work will be performed at newly identified projects. The Department is also augmenting

DES Web Site: www.des.nh.gov

P.O. Box 95, 29 Hazen Drive, Concord, New Hampshire 03302-0095

Telephone: (603) 271-2900 Fax: (603) 271-2456 TDD Access: Relay NH 1-800-735-2964

available cleanup resources by increasing the use of its state-lead cleanup contractor funded under the Oil Pollution Control Fund (OPCF) established under RSA 146-A. However, the budget and availability of the Department contractor is limited and the moratorium on non-emergency work may result in increased overall costs to complete cleanup. Thus, we are also proposing an amendment to HB 296-FN-A that would transfer \$400,000 from the OPCF to the FODCF to address the current critical shortfall. A copy of the bill as amended is attached.

The FODCF fiscal situation is shown in Table 1, below.

Table 1. FODCF Fund Fiscal Situation

Fiscal Year	Income	Expenses	Annual Income vs. Expense (Deficit) Surplus	Balance
2006	\$3,081,973	\$3,377,335	(\$295,362)	\$661,812
2007	\$3,171,445	\$2,970,517	\$200,928	\$862,740
2008	\$2,867,751	\$2,789,479	\$78,272	\$941,012
2009 (1)	\$1,252,747	\$1,911,170	(\$658,423)	\$282,589

(1) As of January 31, 2009

When fully active, demand for SAFETANK funding is \$500,000 per year, demand for cleanup funding is \$2,500,000 per year, and administrative costs are budgeted at approximately \$400,000 dollars for FY 2010, for a total of \$3,400,000 for the FODCF programs. The increased import fee will generate annual income of approximately \$3,420,000, based on FY 2008 imported gallons. 100% of the revenues from the \$0.0025 per gallon import fee increase under HB 296-FN-A will be passed-through to eligible parties that need the funds. No increase in Board staffing and administrative budgets is needed or proposed. The import fee increase may result in a nominal consumer cost increase of \$2.50 per 1,000 gallons of fuel oil purchased. In the aggregate, this nominal increase provides significant and needed benefits for maintaining and restoring environmental quality and protecting public health for all citizens/consumers throughout New Hampshire.

Thank you for your careful consideration of this important bill. If you have questions, please contact Michael Wimsatt, Director of the Waste Management Division at (603) 271-2905 Michael.Wimsatt@des.nh.gov, or Timothy R. Denison at (603) 271-2570 Timothy.Denison@des.nh.gov. Detailed FODCF program operating reports are available.

Sincerely,

Rep. D.L. Chris Christensen, Chairman
Oil Fund Disbursement Board


Thomas S. Burack, Commissioner
Department of Environmental Services

Attachment
cc: Members of the Ways and Means Committee
Oil Fund Disbursement Board